

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Southern California Gas Company for Authority Pursuant to Public Utilities Code Section 851 to Sell Cushion Gas in its Aliso Canyon and La Goleta Storage Fields. (U 904 G)

Application 01-04-007
(Filed April 9, 2001)

**ASSIGNED COMMISSIONER'S RULING REGARDING
THE SCHEDULE FOR THIS PROCEEDING**

I. Summary

At the Commission's meeting of March 6, 2002, Items H-2 and H-2a were withdrawn from the agenda. Those two agenda items proposed different methods for the sale of 14 billion cubic feet (Bcf) of reclassified cushion gas at Southern California Gas Company's (SoCalGas) Aliso Canyon and La Goleta natural gas storage fields. An assigned Commissioner's ruling (ACR) was issued on April 11, 2002, which solicited comments on how the Commission should proceed with this proceeding. Opening and reply comments were filed.

Today's ruling sets forth a consolidated schedule for addressing both the sale of the reclassified cushion gas and the Phase 2 issues, as well as issues raised about the carrying costs associated with the delay in issuing a decision authorizing the sale of the gas, the total cost of the project, and the water intrusion/storage capacity issues.

II. Background

Opening comments in response to the April 11, 2002 ACR were filed by SoCalGas, Duke Energy North America and Duke Energy Trading and Marketing, Southern California Generation Coalition, The Utility Reform Network (TURN), and the Office of Ratepayer Advocates (ORA). Reply comments were filed by SoCalGas, TURN, and ORA.

The opening and reply comments that were filed in response to the April 11, 2002 ACR reiterate the positions taken by the parties in earlier pleadings that were filed in connection with this proceeding and need not be repeated in this ruling. Generally speaking, they either support the issuance and adoption of a decision, which allows SoCalGas to sell the gas on the open market, and to hold hearings into the Phase 2 issues at a later date, or they advocate that hearings be held on how the reclassified cushion gas should be sold in conjunction with the Phase 2 issues.

III. New Schedule

In Decision (D.) 01-06-086, the Commission stated in Ordering Paragraph 1.c. that “SoCalGas is prohibited from selling the reclassified cushion gas until the Commission directs SoCalGas to do so on the terms and conditions specified in a future Commission decision.” In the text of D.01-06-086, the Commission also stated that it would “endeavor to issue a decision on the sale of the reclassified cushion gas no later than September 28, 2001,” and that there would be a second phase of the proceeding to address all of the remaining ratemaking issues, “including the allocation of the anticipated net gain on sale of the reclassified cushion gas, the anticipated reduction in prospective operating costs, and the allocation of benefits among customer classes....”

As the parties are well aware, a proposed decision regarding the sale of the reclassified cushion gas was not issued until December 6, 2001. The proposed decision was then revised to reflect an alternate proposed by Commissioner Duque. Subsequently, an alternate was prepared by Commissioner Brown. At the Commission's meeting of March 6, 2002, Item H-2, the proposed decision as revised, and H-2a, the alternate of Commissioner Brown, were withdrawn from the agenda. These two agenda items proposed different methods for the sale of the reclassified cushion gas at Aliso Canyon and La Goleta. Following the withdrawal of these two agenda items, the April 11, 2002 ACR stated that the "sense of urgency in selling the 14 Bcf of gas has now passed," and that "Given the passage of time, and the lack of an urgent need to specify the terms and conditions of the sale of the gas, there is a window of opportunity to consider the terms and conditions of the sale together with the ratemaking issues that are currently scheduled for Phase 2."

Since D.01-06-086 ordered that the sale of the reclassified cushion gas could not take place until further order of the Commission, the withdrawal of the proposed decision and alternate from the agenda, and the change in market conditions, I am establishing a new schedule in this proceeding to hold consolidated hearings on the terms and conditions of the sale of the reclassified cushion gas, on the Phase 2 issues, and on the issues raised in response to the April 11, 2002 ACR. Those issues include the water intrusion and storage capacity issue, the additional costs incurred for the well drilling and rework of the two gas storage facilities, and the carrying costs associated with the delay in issuing a decision on the sale of the reclassified cushion gas. This schedule is ambitious, and is intended to resolve all of the issues in this proceeding in a timely manner, and in advance of the winter 2002-2003 season.

The opening testimony of SoCalGas shall be served on the parties to this proceeding no later July 5, 2002. The testimony of the other parties shall be served no later than July 19, 2002. All rebuttal testimony shall be served no later than July 25, 2002.

In order to facilitate the exchange of testimony, the parties shall serve their testimony electronically to those who have electronic addresses. If a party does not have an electronic address, or electronic delivery cannot be achieved, a printed copy of the testimony shall be served by first class mail or other expeditious mode of delivery.

Evidentiary hearings will be held beginning July 29, 2002, at 9:00 a.m., and shall continue through August 2, 2002. Due to the accelerated schedule, opening briefs will be due on August 12, 2002 and reply briefs on August 19, 2002. Depending on the parties' willingness to stipulate to a shortened time for comment and reply comments on the proposed decision, the briefing schedule may be lengthened somewhat.

Therefore, **IT IS RULED** that:

1. Evidentiary hearings shall be held, prior to the issuance of a Commission decision directing Southern California Gas Company (SoCalGas) on what terms and conditions it can sell the reclassified cushion gas at Aliso Canyon and La Goleta, to address the terms and conditions of the sale of the reclassified cushion gas, the Phase 2 issues identified in Decision 01-06-086, and on the issues raised in response to the April 11, 2002 assigned Commissioner's ruling as discussed in this ruling.
2. The opening testimony of SoCalGas shall be served on the parties to this proceeding no later July 5, 2002. The testimony of the other parties shall be

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served no later than July 19, 2002. All rebuttal testimony shall be served no later than July 25, 2002. The testimony shall be served on the service list to this

proceeding in the manner specified in the text of this ruling. Evidentiary hearings will commence on July 29, 2002, at 9:00 a.m., and continue through August 2, 2002 at the Commission's hearing room located at 505 Van Ness Avenue, San Francisco, California.

Dated June 7, 2002, at San Francisco, California.

Loretta Lynch
President
Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioner's Ruling Regarding the Schedule for This Proceeding on all parties of record in this proceeding or their attorneys of record. In addition, service was also performed by electronic mail.

Dated June 7, 2002, at San Francisco, California.

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074 or TTY# 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.